



21 April 2020

ASX ANNOUNCEMENT

APA Group (ASX: APA)

## CHANGE TO EARNINGS GUIDANCE

### NO CHANGE TO DISTRIBUTIONS GUIDANCE

APA Group (ASX: APA) today provides an update to its FY2020 earnings guidance in light of delays in commissioning of the Orbost Gas Processing Plant, as well as a market update in respect of COVID-19.

#### Guidance

Whilst the Orbost Gas Processing Plant has been successfully exporting processed gas into the Eastern Gas Pipeline since late March, as announced by Cooper Energy in their ASX Release - Business Update 31 March 2020 (ASX: COE), APA has not yet completed the performance test required to meet commercial operations under the agreement with Cooper Energy. Consequently, revenues have been delayed resulting in the following updated EBITDA guidance for FY2020. Distribution guidance for the full year to 30 June 2020 remains unchanged.

	1H FY2020 results	Revised	Notes	Revised vs FY2019 results
<b>EBITDA</b>	\$1,660 - \$1,690 million	<b>\$1,635 - \$1,655 million</b>	Reflects the full range of possibilities of timing of commercial operations at the Orbost Gas Processing Plant	<b>+3.8% to +5.2%</b> (\$1,574 million)
<b>Distribution per security</b>	In the order of 50.0 cents per security	<b>Unchanged</b>	Potential for further franking credits to be allocated to the final distribution.	+6.4% (47.0cps)

The Orbost Gas Processing Plant design is based upon proprietary technology for the removal of Hydrogen Sulphide. APA is working with the providers of that proprietary technology to increase production levels as soon as practicable, from levels of around 40TJ/d to the plant nameplate capacity of 68TJ/d. APA and Cooper Energy are continuing to work together seamlessly to manage the impacts of the delays.

"APA's focus continues to be to ensure that the Orbost Gas Processing Plant is commissioned safely and to a high standard of quality and operating performance, and APA will advise of the timing of commercial operations in due course. APA's business, excluding the commercial impact resulting from the delayed start of commercial operations of the Orbost Gas Processing Plant, continues to perform well and in line with expectations," said Rob Wheals, APA's CEO and Managing Director.

FY2020 growth capital expenditure is expected to complete at around \$250 million. Whilst this is somewhat below recent average annual run rates in respect of growth capex, beyond FY2020 APA has visibility of as much as \$1 billion of organic growth projects that remain in active discussion with customers for delivery over the next two to three years.

#### Liquidity

APA's liquidity position remains strong. As at 31 March 2020, APA had \$1.2 billion in cash and committed undrawn facilities available to assist in the ongoing funding of the business and APA retains access to a broad range of the world's most liquid debt capital markets. There are no restrictions on drawdowns for the committed undrawn facilities. APA will continue to actively review global debt capital markets for the purposes of funding the business to increase tenor of the debt portfolio and reduce overall cost of funding.

APA has \$9.3 billion of committed drawn debt facilities, with an average remaining tenor of 6.1 years. APA's only near-term debt repayment requirement is AUD\$300 million due in July 2020, which can be covered by APA's available cash

and committed undrawn facilities position. APA remains committed to funding its growth with appropriate levels of equity, cash retained in the business, and debt in order to maintain strong Baa2 and BBB credit ratings.

#### Market Update – COVID-19

“APA is absolutely focused on its role of providing the nation with the essential services of gas transportation and energy generation that keep Australia operating. We are executing our well-tested business continuity plans and we are continuing to deliver our customers’ energy requirements safely and reliably. This will ensure that our assets, people and communities remain safe such that production, mining, heating, cooling, cooking and other basics of life can continue as usual,” said Mr Wheals.

APA reports that at this time, there are no material impacts on APA’s ability to safely and reliably operate our assets and deliver services to our customers. APA is working with a wide network of representatives from government, regulators, customers, industry associations, medical experts and peers to minimise potential COVID-19 impacts, in particular within critical operator teams, whilst continuing to operate safely and at normal capacity levels.

APA’s Business Continuity Plans were invoked mid last month and at that time a Crisis Management Team, reporting directly to CEO Rob Wheals, was put in place. More specifically:

- Office based functions - Information technology capability and capacity have been sufficient to enable the vast majority of office based employees to operate on a remote working basis;
- Integrated Operations Centre (IOC) in Brisbane - APA’s IOC operates our energy infrastructure assets across the nation. To maintain the required physical distancing requirements and separation, APA has initiated use of its back-up facilities such that the IOC is now operating from two separate facilities; and
- In-field operations and maintenance - ‘Business as Usual’, 24/7 operations continue, although travel and resource planning have been altered to accommodate government requirements and other general market restrictions, including distancing and hygiene guidelines.

“APA is a stable, low risk business, and as an essential service provider our focus is on keeping our assets running safely and reliably at all times in accordance with our Customer Promise. Our operational focus on reliability and safety, together with the strength of our balance sheet, stand us in good stead to manage the events that the market is coping with today whilst ensuring that our customers in the Australian energy industry retain access to the products and services that they look to APA for on an ongoing basis,” said Mr Wheals.



**Authorised for release by Nevenka Codevelle**  
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## About APA Group (APA)

APA is a leading Australian energy infrastructure business, owning and/or operating around \$21 billion of energy infrastructure assets. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. APA has direct management and operational control over its assets and the majority of its investments. APA also holds ownership interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, SEA Gas (Mortlake) Partnership, Energy Infrastructure Investments and GDI Allgas Gas Networks.

APT Pipelines Limited is a wholly owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group.

For more information visit APA's website, [apa.com.au](http://apa.com.au)